

# CORPORATE LEADERSHIP COUNCIL

## LITERATURE SEARCH

### *The Future Role of HR in Large Organizations*

*November 2000*

- *Defining the Future Role of HR*
- *Implications of the HR's Future Role*

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# CORPORATE LEADERSHIP COUNCIL

## CORPORATE EXECUTIVE BOARD

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### KEY FINDINGS

#### The Future Role of HR in Large Organizations November 2000

*The onset of the new economy has resulted in a significant and ongoing change in the role of HR. HR practitioners are recognizing the need to align HR practices and business strategy and move away from a solely administrative role. The capability of an HR department will determine its ability to match the speed of business in the years to come.*

### DEFINING THE FUTURE ROLE OF HR

- Organizations that adopt a strategic approach to developing human capital will gain a competitive advantage in the current business market. An HR department with the capabilities to align business strategy with people processes will play a critical role in their companies' success.<sup>1,2,3</sup>
- The drive towards a more strategic role for human resources within an organization stems from pressures relating to a demanding business environment, advancements in technology, changes in legislation, global expansion and an increasingly diverse workforce.<sup>4</sup>
- Individuals performing these new roles must develop capabilities in such areas as formulating business and HR strategies, leading change and redesigning HR processes to support strategy implementation. An analysis of data collected from 12,689 human resource professionals suggests a need for the competencies outlined in the chart below:<sup>5,6</sup>

HR COMPETENCIES	
Category	Competencies
Knowledge of Business	✧ Financial capability ✧ Strategic capability ✧ Technological capability
Knowledge of HR Practices	✧ Communication ✧ Development appraisal ✧ Organizational planning ✧ Rewards ✧ Staffing
Management of Change	✧ Creating meaning ✧ Innovation and transformation ✧ Problem solving ✧ Relationship influence ✧ Role influence

- AT&T reorganized its HR function to support its strategic links to business principles, and identified HR priorities within the business as drivers for the successful achievement of strategic objectives.<sup>7</sup>

<sup>1</sup> Lynda Gratton, "The New Rules of HR Strategy," *HR Focus* (June 1998). (Obtained through LEXIS-NEXIS).

<sup>2</sup> Corporate Leadership Council, "The Role of Capabilities in Achieving Competitive Advantage," Washington, DC: Corporate Executive Board (January 1998).

<sup>3</sup> Herbert G. Henneman III et al., "Future Challenges and Opportunities for the HR Profession," *HR Magazine* (1998). (Obtained through LEXIS-NEXIS)

<sup>4</sup> Linda Davidson, "Survey Results Show HR's Progress", *Workforce* (August 1999). <http://www.workforce.com/archive/feature/00/03/88/> (November 13, 2000).

<sup>5</sup> Brenda Paik Sunoo, "Certification Enhances HR's Credibility," *Workforce* (May 1999). (Obtained through LEXIS-NEXIS)

<sup>6</sup> Arthur Yeung, et al., "Identifying and Developing HR Competencies for the Future: Keys to Sustaining the Transformation of HR Functions," *Human Resource Planning* (1996). (Obtained through LEXIS-NEXIS)

<sup>7</sup> Martin Plevel et al. "AT&T Global Business Communications Systems: Linking HR With Business Strategy," *Organizational Dynamics* (Spring 1995). (Obtained through Lexis Nexis).

## IMPLICATIONS OF HR'S FUTURE ROLE

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- By refocusing their HR departments' activities, companies can further their business agenda(s) by strategically aligning the areas over which HR can exercise control. Three key areas where this principle may be applicable are organizational effectiveness, employee satisfaction and customer satisfaction.<sup>8,9</sup>
- Through partnering with the line, HR may take on more consulting responsibilities. This may include assisting with the human aspects of change management such as ensuring leadership competencies and strengthening the relationships between individuals and the organization.<sup>10</sup>
- Transitioning HR professionals from the role of administrators to that of partners/consultants requires a significant investment in employee development. For example, employee cross-training combines basic HR process knowledge with the development of the skills necessary for strategic consulting. In order to successfully develop HR professionals, the following five key competencies must be considered. These include:<sup>11</sup>
  - **Credibility**—HR staff forms the basis for the business relationship by consistently providing tools and information that enhance individual, departmental and organizational performance
  - **Customer orientation**—HR staff builds upon its credibility by learning about internal customers' strengths, weakness and needs in order to effectively formulate HR policies and strategies
  - **Leadership**—HR staff should seek out opportunities to link HR objectives with line objectives
  - **Diagnostic insight**—HR staff must listen and communicate effectively with the internal customer and maintain information on the state of the business
  - **Versatility**—HR staff should have the ability to work on a broad range of projects involving all levels of company personnel
- HR should leverage technology to assist with the transition to more strategic responsibilities by eliminating administrative tasks. Technology will become the foundation for employee assessment, training, development and communication with employees. HR should look to the Internet and advanced HRIT applications as a vehicle to redefine HR's role, work processes, relationship with employees and managers and strategic impact.<sup>12,13,14</sup>
- By consolidating administrative functions within a corporation into a shared services center, corporations can reduce costs, increase productivity and assist the organization in becoming more flexible and dynamic.<sup>15</sup>
- The Corporate Leadership Council's syndicated study entitled *Strategic Implications of the New Economy* discusses the implications and challenges for HR in the following areas: redefining the business system, reducing cycle time, fostering innovation, securing talent, strategic partnering and redefining the role of corporate headquarters.<sup>16</sup>

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<sup>8</sup> Corporate Leadership Council, "Role of Human Resources as a Strategic Business Partner," Washington, DC: Corporate Executive Board (August 1997); <http://www.corporateleadershipcouncil.com/member/docs/pdf/181682.pdf>

<sup>9</sup> Dave Ulrich, "A New Mandate for Human Resources," *Harvard Business Review* (January/February 1998). (Obtained through LEXIS-NEXIS).

<sup>10</sup> Henneman, Herbert G., et al. "Future Challenges & Opportunities for the HR Profession." *HR Magazine* (1998). (Obtained through LEXIS-NEXIS).

<sup>11</sup> Carla Joinson, "Changing Shapes," *HR Magazine* (March 1999). (Obtained through LEXIS-NEXIS);

Jennifer J. Laabs, "Stay a Step Ahead with 5 Key Skills," *Workforce*, (October 1997). (Obtained through LEXIS-NEXIS).

<sup>12</sup> Spoor, Jim. "Keep Up With the Future's Leaps and Bounds," *Workforce* (January 2000) (Obtained through LEXIS-NEXIS);

<sup>13</sup> Author Unknown, "What Are You Doing to Embrace the Wired Future," *HR Magazine* (March 2000). (Obtained through LEXIS-NEXIS);

<sup>14</sup> Author Unknown, "e-HR," <http://www.watsonwyatt.com>, (November 15, 2000).

<sup>15</sup> Dave Ulrich, "Shared Services: From Vogue to Value," *Human Resource Planning* (September 1995). (Obtained through LEXIS-NEXIS).

<sup>16</sup> Corporate Leadership Council. *Strategic Implications of the New Economy*. Washington: Corporate Leadership Council (January 2000). <http://www.corporateleadershipcouncil.com/member/docs/pdf/299346.pdf>



